

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF TENNESSEE  
SOUTHERN DIVISION**

In re:	)	
	)	
PROPEX, INC.	)	Case No. 08-10249
PROPEX HOLDINGS INC.	)	Case No. 08-10250
PROPEX CONCRETE SYSTEMS	)	
CORPORATION,	)	Case No. 08-10252
PROPEX FABRICS INTERNATIONAL	)	
HOLDINGS I INC.,	)	Case No. 08-10253
PROPEX FABRICS INTERNATIONAL	)	
HOLDINGS II INC.,	)	Case No. 08-10254
The Committee	)	
	)	Joint Administration
	)	
	)	Judge Cook

**APPLICATION FOR AUTHORITY OF OFFICIAL COMMITTEE OF  
UNSECURED CREDITORS TO RETAIN BAKER, DONELSON, BEARMAN,  
CALDWELL & BERKOWITZ AS COUNSEL**

NOW COMES the official committee of unsecured creditors in these cases (the "Committee") and applies to this Court for authority to retain the firm of Baker, Donelson, Bearman, Caldwell & Berkowitz, a professional corporation ("Baker Donelson"), as attorneys for the Committee pursuant to Sections 1103(a) of the Bankruptcy Code. In support of this application, the Committee would show the Court the following:

Relief Requested

1. By this application, the Committee respectfully requests the entry of an order, pursuant to Section 1103(a) of the Bankruptcy Code and Federal Rules of Bankruptcy Procedure, Rule 2014, authorizing the Committee to employ Baker Donelson as counsel to the Committee in these bankruptcy cases and related proceedings from and after January 31, 2008.

### Jurisdiction

2. This Court has jurisdiction over this Application under 28 U.S.C. §157 and §1334. Venue of this proceeding is proper pursuant to 28 U.S.C. §1408 and §1409. This is a core proceeding within the meaning of 28 U.S.C. §157(b)(2).

### Background

3. The Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code on January 18, 2005 (the “Petition Date”).

4. The Debtors have continued in possession of their properties and have continued to operate and manage their businesses as debtors-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

5. On January 25, 2008, the Office of the United States Trustee, pursuant to Section 1102(a)(1), appointed the Committee as the official committee of unsecured creditors in these cases. (Docket No. 65)

6. On January 30, 2008 and January 31, 2008, the Committee met in order to organize and to select counsel and a financial adviser. The Committee named Stephen Cooke as its chairperson. The Committee selected Akin Gump Strauss Hauer & Feld LLP and Baker Donelson to be counsel to the Committee.

### Basis for Relief

7. The Committee selected Baker Donelson as counsel because of the firm’s general experience and knowledge, and its experience and knowledge in the field of bankruptcy and business reorganizations under Chapter 11 of the Bankruptcy Code, as well as in other areas of law related to these bankruptcy cases. Baker Donelson has the necessary background to deal effectively with the potential legal issues and problems that

may arise in this case. The Committee believes that Baker Donelson is both qualified and able to represent the Committee in this case in an efficient and timely manner.

8. The employment of Baker Donelson is appropriate and necessary to enable the Committee to execute faithfully its duties as the official committee of unsecured creditors in this case. Subject to further order of this Court, it is proposed that Baker Donelson be employed for, among other matters, the following:

- a. to provide legal advice with respect to the Committee's powers and duties in these cases;
- b. to prepare on behalf of the Committee of all necessary applications, answers, orders, reports and other legal papers;
- c. to represent the Committee in any and all matters involving contests with the Debtors, alleged secured creditors and other third parties;
- d. to negotiate consensual plans of liquidation or reorganization;
- e. to assist the Committee in analyzing the claims of the Debtors' creditors and the Debtors' capital structure and in negotiating with holders of claims and equity interests;
- f. to assist the Committee's investigation of the acts, conduct, assets, liabilities and financial condition of the Debtors (and, to the extent applicable, the Debtors' officers, directors and shareholders) and of the operations of the Debtors' businesses;
- g. to assist and advise the Committee as to its communications to the general creditor body regarding significant matters in the Debtors' cases;

- h. to review and analyze all applications, orders statements of operations and schedules filed with the Court and advise the Committee as to their propriety; and
- i. to perform all other legal services for the Committee which may be necessary and proper in these cases and related proceedings.

9 It is necessary for the Committee to employ attorneys to render the foregoing services.

10. Baker Donelson has stated its desire and willingness to act in these cases and to render the necessary professional services as counsel to the Committee.

11. To the best of the Committee's knowledge, Baker Donelson has not represented the Debtors, their creditors, equity security holders, or any other parties-in-interest, or their respective attorneys, in any matters relating to the Debtors, the Debtors' Chapter 11 filings or their estates, except as disclosed in the declaration of Richard B. Gossett, a shareholder of Baker Donelson (the "Gossett Declaration"), filed herewith as Exhibit A.

12. Baker Donelson employs more than 500 attorneys and has a diversified legal practice, which encompasses the representation of financial institutions, commercial corporations and creditors. Some of these entities (or affiliates of these entities) are or may be holders of claims against, and/or interests in the Debtors, or are parties-in-interest in these cases. In the ordinary course of the practice of law, Baker Donelson and certain of its attorneys have in the past represented, currently represent, and from time to time in the future will represent such entities or affiliates of such entities in matters unrelated to the Debtors or the Debtors' cases. Baker Donelson is not currently aware of any parties-

in-interest in these cases which Baker Donelson has in the past represented or is currently representing other than as described in the Gossett Declaration. As additional parties-in-interest become known to Baker Donelson, it will supplement the list set forth in the Gossett Declaration.

13. To the best of the Committee's knowledge, Baker Donelson does not hold or represent any interest adverse to the Committee, and Baker Donelson is a "disinterested person" as that phrase is defined in §104(14) of the Bankruptcy Code, and Baker Donelson's employment is necessary and in the best interests of the Committee and the Debtors' estates.

#### Notice

14. Notice of this Motion has been given to (a) the Debtors; (b) the Debtors' counsel; (c) counsel to the Debtors' debtor-in possession lenders; (d) the Office of the United States Trustee; and (e) all parties who have requested notice pursuant to Rule 2002 of the Federal Rules of Bankruptcy Procedure. The Committee submits that, given the nature of the relief requested, no further notice is necessary. The Committee requests that the Court hear this Application on an expedited basis on February 13, 2008 at 9:00 a.m.

15. No previous application for the relief sought herein has been made by the Committee to this or any other Court.

WHEREFORE, the Committee respectfully requests entry of an Order, in the form filed herewith as Exhibit B, (i) authorizing the Committee to employ and retain Baker, Donelson, Bearman, Caldwell & Berkowitz, a professional corporation, effective

as of January 31, 2008 and (ii) for such other and further relief as the Court may deem just and proper.

This 7<sup>th</sup> day of February, 2008.

Respectfully submitted,

/s/ Stephen Cooke  
Chairperson, Official Committee  
Of Unsecured Creditors

### **CERTIFICATE OF SERVICE**

I, Richard B. Gossett, certify that I am over the age of 18 and that on February 7, 2008, I served a copy of the application and proposed order by first class U.S. Mail, with adequate postage prepaid, on the persons and entities on the Master Service List dated January 31, 2008 filed in these cases on behalf of the Debtors.

/s/ Richard B. Gossett

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF TENNESSEE  
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The Committee	)	
	)	Joint Administration
	)	
	)	Judge Cook

**DECLARATION OF RICHARD B. GOSSETT IN SUPPORT OF  
APPLICATION FOR ORDER AUTHORIZING THE EMPLOYMENT  
AND RETENTION OF BAKER, DONELSON, BEARMAN, CALDWELL & BERKOWITZ AS  
COUNSEL TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS**

Richard B. Gossett deposes and says:

1. I am a shareholder in the law firm Baker, Donelson, Bearman, Caldwell & Berkowitz, a professional corporation (“Baker Donelson”), which has offices located at 633 Chestnut Street, Chattanooga, Tennessee 37450-1800. I am a member in good standing of the bars of the states of Tennessee and Georgia. I am admitted to practice law before the United States District Courts for the Eastern District of Tennessee and the Northern District of Georgia, the United States Court of Appeals for the Sixth Circuit and the United States Supreme Court. This Affidavit is submitted in support of the application of the official committee of unsecured creditors appointed by the United States Trustee in the above-captioned Chapter 11 cases (the “Committee”) for an order authorizing the employment and retention of Baker Donelson as counsel to the Committee.

2. Neither Baker Donelson, nor any attorney thereof, insofar as I have been able to ascertain, has any connection with the Debtors (the “Debtors”).

3. Baker Donelson employs more than 500 attorneys and has a diversified legal practice that encompasses the representation of individuals, financial institutions, commercial enterprises and

creditors. Some of these persons or entities (or their affiliates) are or may be holders of claims against, and/or interest in the Debtors, or are parties-in-interest in this case. In the ordinary course of the practice of law, Baker Donelson and certain of its attorneys have in the past represented, currently represent, and from time-to-time in the future may represent such persons or entities (or affiliates of such persons or entities) in matters wholly unrelated to the Debtors or these cases.

4. On January 22, 2008, Baker Donelson, on behalf of Nomura Corporate Research and Asset Management, Regiment Capital Advisors LP, and SMH Capital Advisors, Inc. (a member of the Committee), holders of unsecured notes or bonds (the “Bondholders”), filed an objection (the “Objection”) to the Debtors’ motion for preliminary approval of a Superpriority Debtor-in-Possession Credit Agreement (the “Motion”). Baker Donelson also attended a hearing in this Court on that date at which time the Court granted the Motion, with certain modifications. Baker Donelson received no fees or other compensation for filing the Objection or attending the hearing. From the information available to me, it does not appear that Baker Donelson has had any relationship with any of the Bondholders, other than in connection with the filing of the Objection, and that relationship has terminated.

5. Certain persons and entities (or subsidiaries or affiliates of such persons or entities) that are or were clients of Baker Donelson in matters wholly unrelated to the Debtors or to these cases appear to be creditors or have other relationships with the Debtors. Specifically, Baker Donelson has represented or currently represents the persons and entities (or subsidiaries or affiliates of such persons or entities) listed on Schedule 1 to this Declaration in matters wholly unrelated to the Debtor or the above-captioned cases.

6. Baker Donelson is a “disinterested person” as that term is defined in Section 101(14) of the Bankruptcy Code in that Baker Donelson and its attorneys:

- a. are not creditors, equity security holders or insiders of any of the Debtors;
- b. are not and were not investment bankers for any outstanding security of any of the Debtors;

- c. have not been, within three (3) years before the date of the filing of the Debtors' Chapter 11 petitions, (i) investment bankers for a security of any of the Debtors, or (ii) an attorney for such an investment banker in connection with the offer, sale, or issuance of a security of any of the Debtors;
- d. are not and were not, within two (2) years before the date of the filing of the Debtors' Chapter 11 petitions, a director, officer, or employee of any of the Debtors or of any investment banker as specified in subparagraph 9(b) or (c) of this paragraph; and
- e. do not have an interest materially adverse to the interest of any of the Debtors' estates or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, any of the Debtors or an investment banker specified in subparagraph (b) or (c) of this paragraph, or for any other reason.

7. Baker Donelson intends to apply for compensation for professional services rendered in connection with these cases subject to the approval of this Court and in compliance with applicable provisions of the Bankruptcy Code, on an hourly basis, plus reimbursement of actual, necessary expenses and other charges incurred by the firm. The principal attorneys and legal assistance designated to represent the Committee and their current standard hourly rates are:

a.	Richard B. Gossett	\$375 per hour
b.	John H. Rowland	\$340 per hour
c.	Nelwyn W. Inman	\$335 per hour
d.	Justin M. Sveadas	\$240 per hour
e.	William M. B. Carter, Jr.	\$195 per hour
f.	Sharon L. Simmons	\$140 per hour
g.	Charity J. Martin	\$120 per hour

Additional attorneys, legal assistants may be designated in accordance with the matters to be addressed by the Committee.

8. The hourly rates set forth above are effective for Baker Donelson's fiscal year beginning February 1, 2008 and are subject to adjustments at the end of each fiscal year.

9. The hourly rates set forth above are Baker Donelson's standard hourly rates for work of this nature. These rates are set at a level designed to compensate fairly the firm for the work of its attorneys and legal assistants and to cover fixed and routine overhead expenses. It is the firm's policy to charge its clients in all areas of practice for all other expenses incurred in connection with the client's case. The expenses charged to clients include, among other things, telephone and telecopier toll and other charges, mail and express mail charges, special or hand delivery charges, document processing, photocopying charges, travel expenses, expenses for "working meals," computerized research, transcription costs, as well as non-ordinary overhead expenses such as secretarial and other overtime. The firm will charge the Committee for these expenses in a manner and at rates consistent with charges made generally to the firm's other clients. The firm believes that it is fairer to charge these expenses to the clients incurring them than to increase the hourly rates and spread the expenses among all clients.

10. In preparing this Declaration, Declarant has relied on information provided by the Debtors and the information available from the Bankruptcy Court. Baker Donelson's conflict review included (i) the Debtor's thirty (30) largest unsecured creditors, (ii) the DIP lender, (iii) the Debtors, and (iv) the Debtor's pre-petition secured lenders. Such review was done in accordance with Baker Donelson's standard conflicts clearing procedures and, prior to the filing of this Declaration, a firm-wide e-mail inquiry addressed to all Baker Donelson attorneys.

11. No promises have been received by Baker Donelson or by any of its attorneys as to compensation in connection with these cases other than in accordance with the provisions of the Bankruptcy Code and the orders of the Court. Baker Donelson has no agreement with any other entity to share with such entity any compensation received by Baker Donelson in connection with these Chapter 11 cases.

12. Based upon the foregoing, neither Baker Donelson, nor any attorney, insofar as I have been able to ascertain, represents any interest adverse to the Committee in the matters upon which Baker Donelson is to be engaged.

Dated: February 7, 2008

/s/ Richard B. Gossett  
Richard B. Gossett (TN #001686)  
633 Chestnut Street  
Chattanooga, Tennessee 37450-1800  
(423) 756-2010  
dgossett@bakerdonelson.com

Schedule 1

Declaration of Richard B. Gossett

Exxon Company USA  
JPMorgan Chase Bank  
Goldman Sachs & Co.  
Banque Paribas  
Citibank N.A.  
Citigroup Global Markets Realty Corp.  
General Electric Capital Corp.  
LaSalle National Bank  
Merrill Lynch Trust Co.  
Bear Stearns & Co.  
Wells Fargo Bank N.A.  
American International Group  
Evanston Insurance Group  
Chubb Insurance Group  
The Hartford Group  
National Union Fire Insurance Co.  
Houlihan Lokey  
Electric Power Board of Chattanooga  
John Thornton  
Pollard Agency, Inc.  
Bruce Pollard  
Bank of America N.A.  
Charles Schwab & Co.  
Key Bank  
Morgan Stanley  
UBS Financial Services  
Fifth Third Bank  
Bank of New York  
E\*Trade  
Edward Jones & Co.  
Regions Bank  
Union Bank of Switzerland  
Brown Brothers Harriman & Co.  
National City Bank  
U.S. Bank N.A.

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The Committee	)	
	)	Joint Administration
	)	
	)	Judge Cook
	)	

**ORDER AUTHORIZING OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS TO RETAIN BAKER, DONELSON, BEARMAN, CALDWELL &  
BERKOWITZ AS COUNSEL**

This matter is before the Court on the application of the official committee of unsecured creditors appointed in these cases (the "Committee") for authority to retain Baker, Donelson, Bearman, Caldwell & Berkowitz, a professional corporation ("Baker

Donelson"), as counsel to the Committee counsel pursuant to Section 1103(a) of the Bankruptcy Code (the "Application").

The Court has considered the Application and the declaration of Richard B. Gossett filed with the Application and the hearing held on the Application. It appears that the Court has jurisdiction over this proceeding; that this is a core proceeding; that notice of the Application has been given to the Office of the United States Trustee and those persons and entities on the Master Service List dated January 31, 2008 filed in these cases by counsel for the Debtors.

The Court finds that no further notice is necessary; that the relief sought in the Application is in the best interests of the Committee, the Debtors, the Debtors' estates and their creditors; and that good and sufficient cause exists for such relief.

Accordingly, it is hereby ORDERED as follows:

1. The Application is GRANTED.
2. The Committee is authorized to retain Baker Donelson to represent and perform services for the Committee pursuant to Section 1103(a) of the Bankruptcy Code, as of the January 31, 2008.
3. Baker Donelson shall be compensated in accordance with Sections 330 and 331 of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the Local Bankruptcy Rules, and the orders of this Court.
4. The Court shall retain jurisdiction to hear and determine all matters arising from the implementation of this Order.

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Prepared and presented by:

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